deciding the credit limits of borrowers subject to observance of prescribed prudential norms, etc.

(b) RBI has reported that besides significantly reducing the preemption of resources of the Banking system, various measures taken were expected to enhance credit facilities for borrowers so as to ensure that inadequate credit did not hinder the growth of the economy.

(c) RBI has reported that moderation in monetary growth in necessary to check inflationary pressure from gathering momentum.

R.B.I Credit to Central Government

6452. SHRI V. RAJESHWAR RAO:
DR. SHRIKANT
RAMCHNDRA JICHKAR:

Will the Minister of FINANCE be pleased to state:

(a) what are the details of the monetary programme for 1994-45;

(b) what is the current ceiling on the net credit from Reserve Bank of India to Central Government; and

(c) what proportion of this credit is dependent on the Central Budget deficit which it has to finance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) The monetary policy for the first half of 1994-95 has not so far been announced by R.B.I.

(b) To prevent unlimited recourse to the RBI by Government through issue of adhoc treasury bills, the budget (speech) proposed that the net issue of such bills for 1994-95 should not exceed Rs. 6000 crore and that their amount should not exceed Rs. 9,000 crore for more than ten continuous working days at any time during the year. This will serve to restrain the growth of reserve money and hence that of money supply. Net RBI credit to Government will also depend on other factors such as the open market operations of the RBI.

(c) The Centre's budget deficit which represents the variations in 91-day treasury bills of the Government of India, adjusted for changes in cash balances has historically formed a major but variable proportion of net RBI credit to Central Government.

Setting of a Separate Audit Commission

6453. SHRI GURUDAS DAS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to set up a separate Audit Commission to audit the accounts of the banks,

(b) if so, the details; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) No. Sir.

(b) Does not arise.

(c) The present system of inspection and audit in banks include RBI inspection, statutory audit by outside auditors and regular system of internal inspection / audit by banks themselves. Banks also carry out other types of inspection / audit such as short inspections for various specific purpose, special spot scrutinies for investigation complaints, income and expenditure audit, port-folio inspection, concurrent audit etc. The existing system is being toned up in response to the weaknesses and rigidities in the system. RBI are also setting up a Supervisory Board under their aegis. The proposed Supervisory Board for Financial Supervision would be a high powered one and will act as a watch dog agency. It would thus be observed that there are sufficient checks already in place or- planned for ensuring external audit and inspection of commercial banks. In view of this, a

separate Audit Commission to audit the accounts of the banks is not considered necessary.

Bad Debts of Banks

6454. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to ban those groups of companies and industrial houses which owe banks over Rs. 1 crore or more and which have been written off as bad debts, from further operations;

(b) whether Government also propose, as further punitive measure, to ban these companies, industrial houses, from funding capital markets and also prohibit them from opening private banks, Insurance company, etc;

(c) if so, by when these measures are likely to be made operative; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) The Reserve Bank of India (RBI) has reported that there is no such proposal at present. However, under the 'Group Approach' concept, RBI has already issued instructions to banks and financial institutions that wherever within a "group" there is a company which is wilful defalter to a bank/financial institution, the concerned bank/financial institution should invoke the group approach and inform all other banks/financial institutions cautioning them about making available further advances to such groups for the purpose of expansion or diversification.

(b) to (d). RBI has reported that while examining proposals for setting up new banks in the private sector, antecedents of the promoter companies and individuals are carefully looked into. Default in repayment of banks' dues will be taken into consideration in evaluating the antecedents of the promoter companies.

RBI has also issued guideline to all scheduled commercial banks and financial institutions on 23rd April, 1994 with regard to disclosure of information regarding defaulting borrowers of banks and financial institutions. These guidelines, *inter alia*, provide for submission by banks and financial institutions to RBI the details borrowal accounts which have been classified as Doubtful, Loss and Suit-filed wih outstanding (both funded and non-funded) aggregating to Rs 1 crore and above, and circulation by RBI to banks and financial institutions of this information which they may make use of while considering on merits the requests for new additional credit limits by existing and new constituents. Based on the information so collected, RBI would publish every year in a booklet form the list of suit-filed accounts and also an update of the list half-yearly. Government also do not at present have any proposal to deny such defaulting groups of companies access to the capital markets.

Anti-inflationary Package

6455. SHRI SYED SIBTEY RAZI: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to work out a crash anti-inflationary package very soon;

(b) if so, the details thereof, with background for such package;

(c) whether some expectations are attached to this package;

(d) if so, the details thereof and if not, the reasons therefor;

(e) whether these measures will reduce the concern of Government towards increasing inflation in the country; and

(f) if so, the details thereof and if not, the reasons therefor?